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**Italy** 

**Solid Wood Products** 

**Annual** 

2003

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**Report Highlights:** Italian imports of forest products and wooden furniture components from all sources were valued at \$4.7 billion in 2001. Italian imports of U.S. forest products totaled US \$167 million. In 2001 the US lost its long standing dominance over European suppliers of hardwood lumber to this market. Despite a slowdown in the second half of 2001, production in the wood sector increased 1.7 % thanks to increases in construction and packaging activities; negative effects were registered in lumber, semi-finished products, and furniture components. Skeptical about world economic recovery. Italian importers are keeping forest products inventories low.

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#### **EXECUTIVE SUMMARY**

Italy is a major consumer, producer and trader of forest products in Europe. Its share of European paper and wood-based panel production is nearly ten %. The paper industry is based mainly on imported pulp. However, Italy is the biggest producer and consumer of non-wood fiber pulp in Europe. Italy's large and dynamic industry exports half of its production and is a major consumer of panels and sawn wood.

Despite the consistent slow down registered during the second part of the year, the overall wood and wood products sector closed CY 2001 with an increase of 1.7 % in production volume thanks to the positive contribution of the construction and packaging sector. Negative results were encountered in the production of other wood products (lumber, semifinished products and furniture components).

Year 2001 witnessed a modest increase in furniture consumption and in furniture exports; this positive result was mainly achieved in the first half of the year. Italy's international trade still shows signs of vitality, despite the difficulties due to a general slowing in economic growth rates world-wide. Furniture, which is a key sector of Italy's industry, reached a turnover of \$ 20.8 billion. Production prices in the furniture sector registered a change of + 1.9%. Expectations are for price stability during the first half of 2002 and price increase in the second half. During 2001, the Italian forest product sectors employed about 413,782 workers (+0.4 %) in 87,546 companies (-0.7%), mostly small to medium sized firms, with a total turnover of about US \$35 billion. No major changes are foreseen in Italian forest supply and no increase is expected in the foreseeable future. Therefore 80 % of raw materials used for manufacturing finished products is imported. Total Italian imports of forest products, including wooden furniture components, were valued at \$ 4.68 billion in 2001 while exports of forest and wood products, mainly furniture and furnishings, totaled \$11.40 billion.

The Italian furniture market seems ready to enter the Chinese market. The entry of China in the WTO also "encourages" foreign manufacturing since some of the import taxes will soon be reduced (from 22% to 10% and then to zero by 2006) and there will be more attention to copyright and patent legislation.

In general, 2001 was a difficult year for Italian imports of US hardwood lumber - in fact after many years of dominance, the U.S. lost its position as the number one source for hardwood lumber in Italy. Italian imports of hardwood products which held up reasonably well during the first half of 2001, declined sharply in the second half of the year as economic uncertainty began to mount. Inventories have been kept at low levels as importers wait for clearer signals of future market demand and likely changes in exchange rates. The strong U.S. dollar in 2001 and the rising availability of better quality European hardwood species reduced US exports to the Italian market. Imports of US lumber during the first six months of 2002 didn't improve over the second half of the year.

Some Italian traders still feel optimistic about the medium term outlook for American hardwoods as the weakening of the U.S. dollar may allow American hardwoods to claw market share back from competitors. U.S. export opportunities are found in species not easily available in Europe, and their well established grading rules, efficient shipment and delivery times are advantages. Now widely known by Italian importers and furniture manufacturers, American hardwood species still need to be made more popular with Italian architects, interior designers and joinery manufacturers.

Italian importers are constantly looking to the U.S. for innovation and value-added goods. In particular Italian manufacturers look for detailed technical information in order to broaden their possibilities with value-added goods as they seek to shorten their manufacturing lines and reduce costs.

The future EU enlargement will have an impact on Italian wood working sectors. Italian industries need to capitalize on their strong technology, know-how and skill base, in order to compete with new EU members.

NOTE: Dollar amounts provided in the report are impacted by varying exchange rates.

The average exchange rates used in this report follow.

CY 2000: 1 U.S. dollar equals 2,102 Italian Lire or 1.09 euro.

CY 2001: 1 U.S. dollar equals 1.12 euro

Source: U.S. Treasury, Rome.

### ITALIAN ECONOMIC OUTLOOK

### GENERAL OVERVIEW

During the period 1995 -2000, Italy had a growth rate of 1.9 % compared to a 2.4 % average growth rate in the Economic Monetary Union (EMU) zone. However, the situation improved in 2001 when Italy's growth rate of 1.8 % was higher than the EMU zone growth average of 1.5 %. Projected growth for 2002 will not be realized. Exports are expected to recover only when economic conditions improve, however, the appreciation of the euro against the dollar will make it more difficult.

During 2001 inflation rose to 2.7 % mainly due to an increase in oil prices and to the strengthening of the dollar versus the euro.

Table: Italian Gross Domestic Product

	Volume	% change at Constant Prices				
	billion Euro	2000	2001	2002 *		
Private Consumption	726,7	2.7	1.1	-0.4		
Public Consumption	230.1	1.7	2.3	-0.4		
Gross Domestic Fixed Capital Formation	241.0	6.5	2.4	1.6		
Stocks (% of GDP)	-0.7	-1.1	-	-2.5		
Exports	344.0	11.7	0.8	0.8		
Imports	324.5	9.4	0.2	-1.0		
GDP	1216.6	2.9	1.8	-1.0		

Source: Cresme

Center for Economic, Sociological and Building Research

Notes:\* Estimate

## **PRODUCTION**

Forest Situation - The Italian Forest Resources

For details on the topography and forces shaping Italian forestry resources please refer to report IT2003, the forest products annual of 2001.

The following table is based on the latest statistics available.

Italy

Land Area	Forest Cover 2000	Forest C Chang			Distribution of Land cover/use %	
'000 ha	'000 ha	'000/year	%/year	Forest	Other Land	
29.406	10.006	30	.30	34.0	3.3	62.7

<sup>\*</sup> Note: in Italy the term forest products refers to chestnuts, mushrooms, truffles and walnuts. In this report the term refers to wood products, not edible tree products or those cultivated or harvested under trees. In the category "other wooden land" there are non timber trees such as chestnut, as well as fruit

trees and Mediterranean shrub.

There are no new statistics available on Italian forest land. The latest statistics (Eurostat) indicate that Italy has about 10 million hectares of forest area and nearly 1 million hectares of other wooded land. Predominantly broad-leaved stands make up more than 70 % of the forest area (6,860,000 Ha), of which about half is coppice and coppice with standards.

Hardwood species make up two thirds of the volume of growing stock; the principal species are beech, deciduous and evergreen oaks, poplar and chestnut. The softwood species are pines, Norway spruce and European larch. Sixty % of the forest is available for wood supply and forty % is not available, for economic reasons or due to park conservation.

According to the Statistical Bureau of the Federal Forestry Corps, in 2001 there were 17% fewer forest fires. This resulted in a decrease in the annual destruction of wooded areas and "other wooded" areas by fires. In 2001 fires burned 76,427 hectares, of which half were wooded and half were in the "other wooded" category. The improvement is attributed to better climate, a strengthening of weather forecasting and preventive measures, and improvements in fire fighting interventions.

#### **Timber Production**

Broad diversity in species composition, ownership patterns and topography constraints are limiting the productivity of Italian forests. The cost involved in harvesting in mountainous regions (where most of the commercially valuable timber is located) and environmental concerns are limiting the allowable cut. The volume of commercial timber (saw logs, pulpwood etc.) has remained stable in recent years at about 9 million CM. Of the present production 80% consists of hardwood species wile the remaining 20% is composed of softwood species.

The production of commercial timber is regionally concentrated with 75 % in northern Italy (Alps and Apennines), 10 % in the Central Part of Italy and the remaining 15 % in the South.

With 0.2 ha per capita, Italy has the lowest forested area per inhabitant among the southern European countries. Italy's forest products self sufficiency is only about 20 %. The quality of Italian production is very poor. The average annual utilization per hectare is estimated at about 1.1 CM.

Most of the entire forest area is semi-natural, with some area of plantation. The most important is poplar followed by small quantities of douglas fir, radiata pine and eucalyptus. The poplar is the only species that is grown using managed forestry practices. Poplars have been particularly valuable for the production of cellulose and they are used by the plywood and packaging industries.

Commercial Timber: Softwood species

Italian softwood production supplies only 10 % of domestic utilization. Imported logs provide consistent quality, are of steady supply and are very price competitive in spite of transportation costs. Of the total Italian commercial softwood, 74% consists of red and white fir, 17 % consists of pine and 9% is larch.

Commercial Timber: Hardwood species

Domestic species of hardwoods of commercial value are limited to a few types. Of the total 61% is poplar, 26 % is chestnut, 5 % is beech, and 8 % are oaks, predominantly Quercus cerris.

## Forest Management and Uses

There are several projects and laws to help restore a healthy forest base. The objectives are: 1) to develop a more rational use of marginal and abandoned lands; 2) increase thinning activities in the high stands and reconversion or harvesting of coppice stands in areas of negative stumpage and 3) reforestation of marginal and barren lands with emphasis on soil protection and environmental problems. The protection of the watersheds and the preservation of soil is becoming a real emergency in Italy after recently rainy weather which has created vast landslides of mountain slopes.

One of the main factors influencing Italy's wood resources is land ownership patterns. Private forest ownership accounts for 60 % of forested land, municipal administration for 27.4 %, state and regional ownership accounts for 7.5 %, and the remaining 5 % is owned by other public organizations. The average size of holdings is very small and the number of private owners correspondingly large.

Italian forestry is heavily regulated. With only few exceptions, trees cannot be felled without prior government (Forestry Department) approval under a management plan of felling licences. The National Forest Plan has provided the most significant support to forest activities. Since 1992 most Italian regions have conducted forest policy under EEC Regulation.

During 2002 the Italian government has approved tax incentives that allow private forest owners to deduct 36 % of all maintenance interventions in their private forest land aiming to prevent environmental damage and hydro geologic instability. The impact of this legislative action, like many others in the past; is difficult to assess. This provision is not very actively promoted by associations or in the media.

About 22,000 ha of plantation and natural forests are currently certified in a European program that calls for re-planting of harvested timber.

#### Wood Sector

The Italian wood sector in general includes companies involved in activities from tree cultivation and harvesting, to lumbering and trade, to the production of wood products such as furniture, frames, and joinery. In 2001 the sector was relatively stable, employing about 414,000 workers (+0.4 % over 2000) in 87,546 companies (-0.7 % under 2000), forming one of the foremost sectors of the national economy. Most of the companies are small (only 2,865 have 20 or more employees) and privately owned, so taxation is a significant burden for these businesses.

In calendar year 2001, despite the economic slow down, the year closed with an increase of 1.7% in production volume compared to the previous year thanks to the packaging and construction sector. Other sectors strictly related to the furniture industry (sawn wood, semi-finished products and furniture components). didn't perform as well as in the previous year. Consequently wood consumption improved mainly thanks to increased investments in the construction and in the packaging sectors.

For more information about the Italian wood industry:

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## Italian milling sector

Many of the Italian saw mills are medium size operations and in general very specialized. Their largest operating cost is raw material and they depend entirely on their craftsmen to make the best use of each log.

The Italian softwood lumber industry consists of about 100 mills located along the Alps. They employ over 1200 workers. Activity of small and medium sized softwood mills is generally influenced by the building, furniture and packaging industries. Reportedly, Italian sawmills with clients who export their finished products are doing better than sawmills that sell to clients only involved in the domestic market. However, small Italian sawmills operating only in regional niche markets, have been able during recent years to innovate, notably in the development and marketing of products suited to consumers' changing needs.

The negative economic scenario and the significant fall in European economies has influenced the raw materials and semi-finished goods sectors in Italy, contracting production of the saw mill industry during 2001 by 4.6~%.

## **Italian Wood Consumption**

Softwood: The year 2001 was a good year for softwood consumption. The joinery sector was powered by an upturn in remodeling and building rehabilitation. The improvement of construction will be beneficial to other sectors such as joinery, interior finishing, flooring and paneling.

Softwood lumber is used mainly in construction (65 %): furniture (7 %) and the remainder in other industries. The window industry is the biggest end-user of high quality softwood lumber.

Hardwood: The Italian furniture industry sources its raw materials from many countries in order to guarantee a continued and reliable supply of products. Italian demand for temperate hardwood lumber depends largely on the domestic and export performance of the furniture industry. Italian furniture manufacturers continue to prefer high grade hardwood, mainly tulipwood, red alder and white and red oak as well as other species such as ash, cherry and hard maple.

Poplar is the most important hardwood species harvested in Italy. Abut 95 % of the country's output is used by the wood manufacturing industry in the North.

Consumption of Poplar by industry is as follows: 35% packaging (crates for agricultural products) 25% panels (mainly particle board) 20% plywood 10 % lumber 10% paper pulp.

## Domestic Panel Products - Plywood

Official production figures estimate an increase in plywood production of 3.5 % during 2001. The industry is composed of about 56 mills which employ about 5000 people and have a potential production capacity of 450,000 CM. Ten % of the entire production is for exterior use and 90% for interior. The Italian plywood industry is the third European producer after Finland and France and the world's twelfth largest.

Plywood production is in the hands of ten major mills which provide an output of 65-70 % of total Italian production. However, Italy's small mills pride themselves in being very specialized and able to respond to customer's needs in a short time.

Italian plywood continues to be less competitive than other European plywood. The industry is facing various constrains. High labor costs, the lack of softwood species, difficulties in sourcing other tropical species from Gabon and the stagnant availability of local poplar are the major constraints that the industry is facing. Important technological studies are being carried out in order to explore new applications of plywood panels on foreign markets. One of these projects promoted by the Italian plywood manufacturer association and Turin University is related to the durability of Italian poplar plywood for exterior use.

The Italian plywood industry uses softwood species (30%), birch (23%), local poplar (20%), tropical species (15%) European beech (3%), and other unspecified woods (9%).

The breakdown of plywood by end users is as follows: 40% to the construction sector; 35 % to the furniture sector and the remaining 25 % to other sectors such as packaging, transportation and naval construction.

The Italian plywood industry is conforming to new European norms covering plywood panels. Under new EU regulations, the user must guarantee that plywood panels will be produced with uniform methods and the quality will be standardized and guaranteed to conform to technical regulations and resistance.

OSB panels are stealing some plywood market share thanks to their quality/price ratio.

Panel Association (plywood, fiberboard, particle board, veneers OSB)

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	Units	2000	2000	2001	2001
		Million US\$	Million Euro	Million US \$	Million Euro
Turnover (a)	Value	34,024	38,101	34,608	38,755
Exports (b) Wood and Wood Products Furniture and Furnishing	Value Value Value	11,232 1,362 9,870	12,578 1,526 11,052	11,403 1,331 10,072	12,769 1,490 11,279
Imports (c) Wood and Wood Products Furniture and Furnishing	Value Value Value	4,878 3,531 1,347	5,463 3,954 1,509	4,687 3,315 1,372	5,249 3,712 1,537
Domestic Sales (a-b+c)**	Value	27,670	30,986	27,892	31,235
Exported Products (% b/a)	%	33	33	32.9	32.9

Table: Wood Sector Firms and Employment

Year	2000	2001
Total Employees	411,938	413,482
Employees in firms of > 20 workers	128,278	129,644
Total Firms	88,143	87,546
Number of Firms with > 20 workers	2,865	2,865

Source: Federlegno Arredo, Milan

\*\* The domestic sales value is an index of internal consumption

## **TRADE**

## Overview/Outlook

Italy remains highly dependent on imports, given the country's lack of raw materials. Italian imports of wood and wood products (wood furniture not included) in 2001, following the overall negative economic trend, decreased both in value (-6.1%) and quantity (-7%) from the previous year. The negative trend of imports began in the summer 2001 and has continued during the first half of 2002.

An unfavorable exchange rate and negative economic scenarios are encouraging Italian importers to maintain generally lower stocks and shift increasingly to just- in-time ordering.

Italian traders are sourcing more raw materials (both soft and hardwood species) from Europe which is becoming more self sufficient and where the timber quotations are not transacted in dollars. Prices of certain U.S. timber species, both soft and hardwoods, are considered too high - hopefully the weaker US currency in 2002 may allow American species to re-gain market share In Italy.

Table: Italian Imports in the Wood Sector, 2001

	Unit	Quantity	% 01/00 change quantity	Value in Million Euro	Value in Million U.S. \$	% euro change value % 01/00
Logs	CM	5,001,564	-11	482	430	-12
Lumber	CM	7,482,975	-13	1,621	1,448	-9
Panels	CM	615,720	-14	100	89	-11
Wood products for the construction sector (Flooring, Doors Windows)	MT	252,964	5	343	306	4.5

Source: Federlegno Arredo, Milan

Table: Italian imports Jan-June 2002 (compared to the same period of 2001)

Type	Jan - Jun 2001				ts	
	CM *	CM *	in CM*	%	in CM	% Change
Softwood Logs	1,205,511	1,180,712	-25,799	-2.14	1,959	948
Softwood lumber	2,870,156	2,753,000	-116,656	-4.06	17,967	- 19
Hardwood Logs	1,327,090	1,087,561	-239,529	-18.05	47,238	-21
Hardwood Lumber	737,567	575,123	-162,444	-22.02	18,290	-82
Tropical Logs	202,130	169,995	-32,135	-15.90	n/a	
Tropical Lumber	309,001	340,692	31,691	10.26	93,248	**
Plywood	273,313	304,994	31,681	11.59	80	-85
Particle board	362,606	329,692	-32,914	-9.08	18	**
Wafer board -OSB	36,474	83,711	47,237	129.51	3	**
Fiberboard (000 square meters)	40,127	35,674	-4,453	-11.1	12	-26
Fiberboard - MDF (000 square meters)	19,069	13,325	-5,744	-30.12	n/a	n/a
Other Fiber Panels (000 square meters)	21,058	22,349	1,291	6.13	12	-26
Veneer Sheets	140,373	151,237	10,864	7.74	18,863	236
	L	<u>I</u>	<u> </u>	l	<u>I</u>	<u> </u>

Source: Federlegno Office, Rome, ISTAT

<sup>\*</sup> Values are in CM except where differently indicated

<sup>\*\*</sup> Imports for the same period of the previous year were insignificant

Italian Imports: Softwood

The Italian delegation to the European Softwood Conference indicated that Italian timber imports declined following the deceleration in activities of national production enterprises and owing to the drop in orders for semi-finished products by European finished timber production industries.

Total Italian imports of softwood logs and lumber during 2001 decreased in Euro value by 12 and 9 % respectively. The negative trend which began in the summer of 2001 has continued during the first part of 2002.

Austria, which is Italy's main supplier, despite an 18 % drop in exports, will continue to be by far the major supplier in terms of timber for the building industry. Germany, due to strong investments in modern production plants and owing to a persistent stagnation in its internal consumption, has increased its tendency to export and has consolidated its position as the second supplier of softwood to Italy. The export of lamellar beams, KVH and gauge box panels is also growing.

Italian imports from Russia have grown in recent years and it is now the third largest supplier. Recent climatic upheavals may slightly affect this, however Russian exporters seem more and more interested in increasing their softwood lumber exports into Italy, in some cases even agreeing to invoice in Euros.

Italian imports from the USA and Canada have recorded drastic drops (- 26% and -35% respectively). High prices of US douglas fir (- 6000 CM) and Canadian douglas fir (-10,000 CM) make these timber available only on demand for a very high-range market, resulting in reduced volumes.

Canadian hemlock (- 7000 CM), thanks to the use of improved water-based varnishes has maintained a good level for carpentry use and studs.

US yellow pine has decreased (-8000 CM). The drop is to be attributed to a switch to lower quality timber at significantly lower prices.

Italian Imports: Hardwood

Italian temperate hardwood sawn lumber imports dropped by 15 % during 2001. This negative trend continued also for the first six month of 2002. Italian imports of American hardwood products held up reasonably well during the first half of 2001, but declined sharply in the second half of the year as economic uncertainly began to mount. The US lost its leading position as the major supplier to the Italian market. Croatia, despite the decrease of 12 % compared to the previous year, was the largest exporter followed by the US and next by Hungary.

Due to greater economic uncertainty in 2001, importers' stock levels of American hardwoods were being kept at low levels so purchase on a just-in-time basis of containers of mixed species and different thicknesses tended to increase.

Competition from Eastern European suppliers of hardwood lumber has been strong. Considerable investment in Eastern European hardwood processing plants (also by Italian companies) during recent years are beginning to show results. Eastern European suppliers can provide exceptionally high quality products. These countries are expected to export more kiln-dried lumber and reportedly the quality of beech, oak and black walnut is quite good. However, ordering times are still lengthy and availability of the best quality stock is still quite limited.

Italian Imports: Tropical Hardwood logs and lumber

African log demand during 2001 was subdued because of economic uncertainty. Prices for most species have been reasonably stable, owning to relatively restricted production and continuing good demand from African sawmills. However, azobe and ayous stand out as exceptions. The Cameroon authorities announced a decision to ban exports of these species as of March 2002. This has prompted purchases of these species and pushed prices higher. Italy's imports of tropical hardwood logs during 2001 registered a decrease of 5% in value and 12% in volume while tropical lumber imports increased by 7.3 in value and 31 % in volume.

During 2001 Italy imported 76 % of total tropical lumber imports from the Ivory Coast, Cameroon and Ghana.

African hardwood suppliers, who mainly invoice in Euros, have continued to benefit during 2001 from the weakness of the European currency. Longer-term prospects for Italian imports of tropical species are not very optimistic due to cut backs in log production and moves to value added processing plants in many tropical countries. In Cameroon log supply is now very tightly controlled and sawmills without a concession are closing because they are unable to purchase sufficient logs to keep mills in production. Reportedly several sawmills are up for sale. More and more tropical wood is expected to be supplied to Italy as semi finished or finished components.

Italian imports from Asian countries continue to be low and stable due to the strong dollar and the high price at origin.

Italian Imports: Softwood and Hardwood Plywood

Italy's role has changed in the last ten years, from that of a net exporter to net importer. Italian imports during 2001 slightly increased (+2%) due to growth in the construction sector. The origin of imported plywood has remained relatively stable. The continuing FOB price increase for Asian plywood has caused importers to seek alternative plywood suppliers. Italian plywood industries have been facing increasing competition from foreign countries which have an abundance of raw material, good manufacturing technology and low labor costs.

Plywood prices drive Italian traders' decisions on sources of plywood.

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### MARKET SEGMENT ANALYSIS

### CONSTRUCTION SECTOR: OVERVIEW

Once again 2001 was a positive year for the construction sector. According to CRESME the value of Italian construction output (at current prices) increased progressively between 1995 and 2001 reaching 150 billion Euro. This trend should continue also for 2002 but with a more limited growth + 1.5 %. The construction market is expected to be stagnant during 2003 and the trend is expected to worsen during 2004 unless the overall economic slowdown, which has weakened consumers' confidence, will definitely improve.

During 2001 residential housing volume (CM) increased 7.9 % compared to the previous year. The volume (CM) of residential housing for 2002 is expected to grow by 14.6 %. This growth will be the most significative in the past ten years. The upgrading of existing housing stocks and renovations registered a slow down during 2001 attributed to a less dynamic real estate market; however, the bad performance of the stock exchange during 2002 will shift capital into the real estate market.

Renovations have gradually increased to represent well over 50 % of total expenditures. The rapid aging of the existing stock of homes and an increasing demand for more comfortable homes, at a time of relatively low interest rates and tax incentives for renovation activities are favoring renovations. During the last part of 2002, many request for renovations of old buildings have been submitted since there were doubts that tax incentives would be maintained for the coming year. Additionally, a great part of remodeling is not taken into account by statistics because it is made privately by house owners.

Table: Investments in the Construction Sector, 2001 (% variation 01/00)

	1999	2000	2001	20021	2003 <sup>2</sup>
Investments in New Construction	3.5	5.6	8.4	3.8	0.0
of which:					
- residential	1.9	6.2	8.5	4.0	-0.4
- non- residential private sector	2.1	7.6	8.0	3.0	-1.0
- non-residential public sector	7.2	2.5	8.5	3.0	0.8
- civil engineering	7.0	2.8	8.6	4.5	2.0
Investments in Repair, Maintenance and Upgrades	6.5	5.8	2.1	-0.8	-1.7
of which:					
- residential	8.0	6.9	0.3	-1.5	-3.1
- non- residential private sector	2.0	4.8	2.0	-2.5	-2.0
- non-residential public sector	9.0	4.0	4.0	1.0	0.7
- civil engineering	8.0	4.6	7.7	3.5	2.0
Total Investments	5.0	5.7	5.1	1.4	-0.8
Ordinary Maintenance	5.4	5.1	2.5	2.0	1.2
Value of Production	5.1	5.6	4.6	1.5	-0.5

Source:	Cresme	

<sup>1</sup>Estimate

<sup>2</sup>Forecast

Table: Construction by Type

	* Million	70 Change at Constant prices over Tievious Tear							
	Euro 2001	1999	2000	2001	2002 1)	2003 2)	2004 2)	2005	
Residential Construction									
New	21,887	1.9	6.2	8.5	4.0	-0.4	-4.0	-3.3	
Renovation	37,369	8.0	6.6	0.5	-0.8	-2.4	-	1.3	
Total	59,256	5.8	6.5	3.3	1.0	-1.6	-1.6	-0.5	
Non-Residential					-				
Construction New	19,978	3.1	6.5	8.1	3.0	-0.6	-3.0	1.0	
Renovation	20,646	3.3	4.5	2.6	-0.8	-0.7	0.2	0.6	
Total	40,624	3.2	5.5	5.2	1.0	-0.7	-1.4	0.8	
Building									
New	41,865	2.5	6.4	8.4	3.5-	-0.5	-3.6	-1.3	
Renovation	58,015	6.3	5.9	1.2	0.8	-1.8	0.1	1.0	
Total	99,880	4.7	6.1	4.1	1.0	-1.2	-1.5	0.1	
Civil Engineering									
New	12,266	7.0	2.8	8.6	4.5	2.0	2.8	2.0	
Renovation	16,120	6.3	4.8	6.5	3.3	2.4	1.1	0.9	
Total	28,386	6.6	3.9	7.4	3.8	2.2	1.8	1.4	
Construction Sector Output	128,266	5.1	5.6	4.8	1.6	-0.5	-0.7	0.4	
Services/Construction by other sectors, DIY/ Black Market	21,805	4.8	5.4	3.6	6.1	-0.7	-0.4	0.6	
Total Construction Output	150,071	5.1	5.6	4.6	1.5	-0.5	-0.7	0.4	

<sup>1)</sup> Estimate 2) Forecasts 3) Outlook Source: Euroconstruct, 2002- CRESME

<sup>\*</sup> Million Euro at 2001 prices, excluding taxes

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Table: Residential Construction (In 000s Units)

				Forec	asts			Out look
		1999	2000	2001	2002	2003	2004	2005
Building Permits (1)	1+2 family dwelling	40.0	42.0	43.0	43.0	38.0	40.0	38.0
	Flats	142.0	147.0	150.0	152.0	140.0	135.0	130.0
	Total (3)	197.0	205.0	213.0	214.0	198.0	188.0	182.0
Housing Starts (2)	1+2 family dwelling	45.0	50.0	51.0	50.0	49.0	53.0	51.0
	Flats	130.0	144.0	154.0	156.0	134.0	125.0	120.0
	Total (3)	228.0	237.0	246.0	248.0	234.0	225.0	218.0
Housing Completion (2)	1+2 family dwelling	46.0	43.0	48.0	50.0	51.0	50.0	48.0
	Flats	113.0	116.0	127.0	153.0	157.0	155.0	127.0
	Total (3)	193.0	198.0	222.0	242.0	248.0	245.0	232.0
Housing stock (1000 dwelling)	Total			26,526				
of which:	second hand			3,380				
	vacancies			1,818				
Home ownership rate				71				

<sup>\*</sup> Estimate

<sup>\*\*</sup> Forecast

<sup>\*\*\*</sup> Outlook

<sup>(1)</sup> Only legal dwellings (2) Legal production and estimation of illegal production

<sup>(3)</sup> Total includes dwelling in new non residential building and dwellings got from extension intervention

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Table: Non- Residential	Construction	(Public and Private	- New C	Construction Only)

		% Change at Constant prices							
	Million Euro 2001	1999	2000	2001	2002	2003	2004	2005	
Schools and University	397.2	2.0	1.0	1.5	3.0	1.0	2.0	2.0	
Hospitals	517.0	8.5	7.4	1.4	3.4	0.5	0.5	1.5	
Industrial Building	7,953.2	2.7	5.7	9.0	1.8	-0.6	-3.9	0.4	
Office Buildings	1,498.9	0.9	8.7	8.1	5.5	-0.2	-5.4	-	
Commercial Buildings	2,732.5	0.9	3.8	4.5	5.0	-0.8	-2.9	0.5	
Miscellaneous	6,879.3	4.8	8.6	9.4	3.0	-1.0	-1.9	2.0	
Total	19,978.0	3.1	6.5	8.1	3.0	-0.7	-3.0	1.0	

Million Euro at 2001 prices, excluding taxes. Source: Euroconstruct, 2002 - CRESME

Unlike in North America and in Northern Europe, Italians use very little wood for structural components in residential construction. Main construction materials are bricks and masonry. For the most part, wood use for structural components is negligible in non-residential construction as well. An exception to this is the increasing use of glue laminated beams. The large part of wood entering in the Italian construction sector is utilized for joinery purposes, mainly doors, windows, flooring and paneling.

Limiting factors for using wood for structural components are lack of specific building codes for wood structures. Federlegno, the Italian wood manufacturing and trade association, has begun a promotion program for using wood as a construction material. While wood is not used for structural components in traditional construction, it is used extensively as scaffolding, temporary bracing and concrete forming during the remodeling or erection of buildings. The wood used in these applications is of low quality and is provided by European suppliers.

Distributors of building materials are quite traditional in Italy: many of them still offer very traditional products and services. However, there are companies offering a broader product range, including non wood products, flooring, doors, an engineering office for roof trusses, etc.

More detailed information about the Italian construction industry can be obtained from CRESME, a leading research company in the construction sector:

Cresme Ricerche SpA
Via Fogliano15
00198 Roma
Tel +39 6 854 36 23 Fax +39 6 841 57 35
www.cresme.it e-mail cresme@cresme.it or
www.euroconstruct.com

or

ANCE (Italian National Association of Private Construction Companies) Via Guattani 00161 Roma Tel +39 06 84 567.1

E mail: info@Ance.it

www.ance.it

### JOINERY SECTOR

Demand for Italian joinery is dependent on the level of activity in the construction market. With the improvement of the domestic building industry, the overall joinery sector production (windows, doors and flooring) increased by 3.4 % during CY 2001.

The door and window industry is in transition. Various factors are leading towards increased demand for pre-assembled joinery products including a shortage of specialized skill a desire to raise quality standards and simplify the on-site construction process. The Italian manufacturers are upgrading their equipment in order to process random width and length clears into window components of a more standardized size. Market expansion is dependent upon containing costs incurred by end users.

Manufacturers of all wood windows are facing a fierce competition from alternative materials such as PVC and aluminum. While alternative materials' market share is increasing individual home owners still prefer wood. Demand for window scantlings is growing. Solid wood scantlings in all species represents about 25 % of total wood consumption.

Door production is an industrial process, but more than 50% of doors are used in older home repairs.

There are strict standards procedures in the joinery sector in Italy. The Italian manufacturers that export doors and windows must have an E.C. approval mark which signifies that the product conforms to the standardized norms and technical specification. Wood suppliers to the joinery sector should be aware of the exacting technical and aesthetic standards for a finished wood window in Italy.

Wood Species used in the Window Sector : Pine; Douglas Fir, Hemlock SYP; Other Softwood; Tropical Species; Temperate Hardwood

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Wood Species used in the Door Sector: Spruce; Other Softwood; Temperate Hardwood; Tropical species and Panels.

Table - Total Window Trade (includes non wood), 2001

		Imports			Exports		
	000 Dollars	M.T.	01/00 %		000 Dollars	M.T.	01/00
Denmark	13,701	2,879	-7	Germany	1,479	719	87
Switzerland	7,576	1,913	94	Greece	2,798	454	11
Rumania	677	706	46	U.S.	3,256	312	12
Austria	1,644	636	-27	Russia	1,825	299	97
Germany	1,138	267	14	Israel	922	201	-17
Poland	649	257	38	Spain	1,374	199	-11
Slovenia	1,021	218	37	France	780	182	48
Others	1,347	721	-51	Switzerlan d	1,021	125	-30
				Japan	569	73	453
				Others	4,390	962	-23
Total	27,753	7,597	2	Total	18,414	3,526	9

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Table - Total Doors Trade (includes non wood), 2001

	Ir	nports			Ех		
	000 Dollars	M.T.	01/0 0 %		000 Dollars	M.T.	01/00 %
Rumania	6,499	5,505	10	Russia	18,747	2,927	18
Germany	2,633	1,797	-20	Israel	3,526	1,322	63
Indonesia	1,515	682	-17	Germany	4,876	959	-26
Brazil	575	399	-42	Switzerland	5,290	706	-7
Austria	688	241	76	Japan	3,814	578	-18
Others	4,694	2,884	2	Greece	2,621	501	-2
				Austria	3,175	488	-29
				Libya	1,970	484	73
				Slovakia	2,139	411	327
				Ukraine	2,042	358	192
				Lettonia	1,790	327	193
				France	2,165	292	5
				UK	1,873	134	78
				Others	23,461	4,630	35
Total	16,604	11,508	0	Total	77,489	14,117	22

## ITALIAN WOOD PARQUET/FLOORING

The general trend in wood flooring consumption in Italy was again positive (+1.9%) in CY 2001 thanks to the good performance of the construction sector. Wood flooring used in renovations represents 50-60 % of total Italian wood floor consumption. Parquet has again become fashionable and this is somewhat changing the wood flooring industry. Mainly due to the increasing success of multilayer flooring and to the growing consumption of wood floors, a process of company aggregation is underway which will lead to further changes in wood flooring. The increasing control of wood flooring distribution by large chains has also contributed to the rationalization of parquet producers. Almost all Italian distributors of other types of flooring (carpet, ceramic tiles etc) are all increasing their portfolio and carry prefabricated wooden floor elements.

The wood flooring industry is using mostly temperate and tropical hardwood. In recent years there has been an increasing demand for tropical hardwood flooring. Finished parquet uses sawn timber and wood panels (mainly plywood) as a support. The cost of raw materials accounts for about 50 % and this is a real drawback to wood flooring expansion.

Even though the general trend of wood flooring, is positive, it will not grow substantially. Growing environmental consciousness, wood design and prefabricated wood elements are contributing to this development. Wood is not only considered a natural product, but it is also becoming an important design element for architects and an easy solution in renovating old housing.

The Italian wood flooring industry appreciates U.S. hardwoods for their quality and beauty. American hardwood species such as hard maple, red oak, black cherry, ash and walnut are a good alternative for Italian flooring producers; however, Italian manufacturers consider the U.S. raw materials and semi-finished blanks very expensive. Quotations were worsened by the high exchange rate in 2001. The growing demand for tropical hardwood flooring may in the future impact production of hardwood flooring and consequently reduce demand for U.S. hardwoods for flooring.

For more information about the entire wood joinery sector (windows, doors and flooring) contact:

Edilegno - Federlegno
Via Foro Bonaparte 65
20121 Milano
Tel +39 02 806041 Fax +39 02 80604392

www.Federlegno.it/associazioni/edilegno

e-mail: edilegno@federlegno.it

Major wood joinery companies which are members of the Wood Association are linked or listed on this web site.

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Table - Total Wooden Floor Trade, 2001

	Imports				]	Exports	
	000 Dollars	M.T.	01/00 % MT		000 Dollars	M.T.	01/00 % MT
Nigeria	13,181	10,583	-2	Germany	14,973	3,938	-23
Ivory Coast	11,201	8,239	-6	Switzerland	7,256	2,885	47
Indonesia	14,260	7,851	-4	France	7,669	2,608	-8
Rumania	4,922	5,300	98	U.K.	2,085	1,580	-85
Croatia	6,910	5,256	-13	Spain	1,256	1,178	-11
Paraguay	5,657	4,975	-5	Greece	1,489	1,154	16
Germany	10,295	4,542	-29	Austria	3,212	1,125	-6
Cameroon	6,243	4,415	24	Japan	1,929	859	273
Austria	9,218	4,159	2	Belgium	1,281	574	-77
Belgium	4,004	3,278	-4	Russia	2,009	451	50
France	6,763	2,948	19	USA	1,175	230	23
Burma	3,687	1,888	-5				
Ghana	1,924	1,762	7				
Brazil	1,974	1,716	-22				
Benin	2,229	1,592	68				
Denmark	3,341	1,323	41				
Hungary	2,174	1,149	71				
Sweden	2,296	983	-25				
Others	18,343	10,346	-5	Others	14,525	9,298	-20
Total	128,622	82,305	0	Total	58,859	25,880	-33

### FURNITURE SECTOR

Table: Italian Furniture and Furnishing Sector

	2001 Million US \$	2001 Million Euro	2001/2000 % Euro Variation
Turnover	20,790	23,281	2.1
Exports Furniture only	10,072 8,164	11,279 9,142	2.0 2.2
Imports Furniture only	1,372 872	1,536 977	1.8 1.9
Trade Balance	8,700	9,743	2.1
Domestic Sales **	12,090	13,539	2.1
Employees ( Number)	229,850	229,858	0.7
Number of firms Number)	37,840	37,840	-0.8
Source: Federlegno Arredo/l	STAT		

<sup>\*\*</sup> The domestic sales figure is an indication of internal consumption

Italian furniture production registered a trend similar to that of the turnover.

Expectations are for price stability even though some manufacturers feel that prices might even increase.

Italy is the leading European producer and exporter of furniture components. Germany, while the main furniture producer, is Italy's leading consumer and importer of furniture components. During 2001 Germany imported 21% of total Italian exports.

Italian imports of furniture, after many years of a consistent growth, has registered a increase of only  $1.9\,\%$  in value or  $976\,$ Million Euro. Germany and France are the largest exporters of furniture to Italy . Eastern countries (mainly Romania) are slowing increasing their share while imports from China decreased by  $1\,\%$  compared to previous years.

Export markets increased in value (+2.2%) while decreasing in quantity (-1,4%). The export performance was more modest compared to the previous year and this is to be attributed to an economic crisis which has affected traditional importers of Italian furniture. Germany, for the fifth year in a row, decreased imports by 7.5% in value and 8.6 in quantity; better export results were obtained with France, the U.K. and Russia. Exports to the US were stable.

Europe continued to be the preferred destination for Italian furniture. The EU accounted for 56% of total exports despite reductions of 1.4 % in value and 4.8 % in quantity.

Positive signs are expected for future years mainly for middle range furniture, mainly upholstered furniture but also kitchen furniture. Developing countries are potential customers for middle and upper-middle range furniture production. However, competition is increasing from Spain and from some Far Eastern countries, where production is expanding.

Reportedly, some Italian furniture manufactures are considering developing production and trade agreements with local Chinese partners. Reportedly China consumption is expected to grow at about 12-15 % yearly for the next decade. The entry of China into the WTO is also encouraging foreign manufacturers who expect that some import taxes will be reduced. Other reasons for a close look at China by Italian manufactures will be the 2008 Olympic Games in Beijing and the 2010 Universal Exposition in Shanghai which will boost the construction sector, especially the hotels and the recent law allowing more Chinese citizens to become owners of their apartments. This new situation is expected to create a growth in interior furnishings and decoration.

The Italian furniture industry is becoming global. Their latest efforts have been to establish an entire Italian furniture manufacturing and sales operation in Brazil. The investment and design are Italian, but labor is Brazilian.

Wood Use in the Furniture Industry

Italy has a long tradition of woodworking and a substantial furniture and furniture component industry. Italian furniture manufacturers continue to prefer high grade hardwood, mainly tulipwood, red alder and white and red oak as well as other species such as ash, cherry and hard maple.

The Italian furniture sector absorbs about 60 % of U.S. hardwoods imported into Italy. Italian manufacturers appreciate hardwood varieties and are very open in trying new U.S. hardwood species.

The main factors determining lumber and wood based panel utilization patterns in the furniture industry are: technological factors influencing raw materials and manufacturing techniques; furniture functional aspects (ergonomics) and the aesthetic content or design.

Specialization in production is becoming more mandatory. Development of new and more efficient technologies often requires research, a factor that increases costs. However, small technological improvements could generate productivity gains. Ongoing efforts to exploit technology are being made at the level of quality and flexibility. New materials (such as panels, MDF, OSB, fire retardant, wafer-thin or solid and sturdy panels) that can be cut or trimmed in any direction, combined with other materials have practically endless applications. New developments are also seen in the adhesive field; new surface finishing, coatings and veneers; along with connectors and assembly techniques. Wide ranges of different coating products are available including traditional melamine papers, foils of different thickness, PVC, thermoplastic and resin coatings, ABS and veneers. These coatings do not allow the consumer to distinguish differences between products, making it difficult to evaluate their relative costs or qualities.

A quality trade mark is being promoted by the Consorzio Vero Legno (Real Wood Consortium), whose members are loggers, finished wood product manufacturers, timber traders and agents. Their aim is to identify "real wood" furniture and furnishing accessories. The "real wood" (Vero Legno) trademark should be visible on the label of all wood products so that customers can read a description of the piece of furniture or component and the materials used to produce it by reading a label.

Detailed information on the "Real Wood" project can be requested from:

Consorzio Vero Legno Soc. Coop a.r.l. Via C. Mauri 5 GH 22066 Mariano Comense (Como) Tel +39.031.751012 Fax +39.031.751036 www.verolegno.it e-mail: verolegno@verolegno.it

Structure of the Italian Furniture Industry

The structure of the Italian furniture industry remained relatively stable during 2001 with only 0.8 % decrease in the number of companies and +0.7 in the number of employees in companies with more than 20 employees. No major changes are expected in the structure of the Italian furniture market for the near future. These are the characteristics of Italian furniture manufacturers: 1) the small workshop is usually a subcontractor working only on behalf of other furniture makers; 2) mid-sized enterprises often enter the export market by supplying large distribution chains or big retailers; and 3) large enterprises with more complex production and marketing organization: sell their products on the domestic market and abroad.

Furniture Distribution System in Italy

Furniture Distribution in Italy: between March 2001 and March 2002 almost 5 million Italian families purchased household furniture of these 61 % were purchases made through furniture retailers and 16 % through large scale distributions. There are still 20,000 traditional furniture points of sales and about 10 major distribution chains, and many smaller ones. The number of distribution chains is expected to increase in the future with a subsequent reduction of traditional furniture shops.

The large distribution chains include: Mercatone Uno, Ikea, Emmezeta, Divani & Divani, Semeraro Holding, Chateaux d'Ax, Ricci Casa, Emmelunga, Aventino Arredamenti, Consorzio Italiano Arredamenti, Bergamin, Casa Mercato, Aiazzone, Casa Italia, Oltre Frontiera, Roche Bobois and many DIY groups.

IKEA Italia is performing very well on the Italian market. The IKEA group produces and distributes "high-influence" furniture. The influence of IKEA is mainly concentrated in the low-end market of mass furniture, especially among low income customers. The Swedish group has committed abundant resources in Italy to develop both store network and furniture sourcing for the mother company. Italy is the fourth largest supply market to Ikea, with a total purchasing volume of US\$ 59.82 million. The number of stores is also set to increase from 7 to 23 in the next 10 years, for a total investment of US\$ 0.99 billion.

Furniture Association:

Assoarredo Via Foro Bonaparte 65

20121 Milano

Contact: Cesare Bergamini

Tel +39 02 806041 Fax +39 02 80604392 www.Federlegno.it/associazioni/assoArredo

e-mail: assoarredo@federlegno.it

A list of furniture manufacturers who are members of Assoarredo can be seen in the Association web site.

## WOOD PACKAGING

During 2001, pallet /packaging production in Italy increased by 3.1 %. The overall packaging sector employs about 60,000 people. Italy imports about 80 % of the wood needed in the whole packaging sector, worth two billion US\$. The cost of raw materials continues to increase and has an impact on producers.

The Italian pallet sector is continuing its radical changes. During the last three years almost all pallet producers and distributors have been renewing their pallet stocks by producing and purchasing Epal (Euro pallets). The transition period for the complete change in order to have one pallet standard will end January 2003.

Wooden crates and boxes represent about 45 - 50 % of all wood packaging.

The Italian technology for horticultural packaging is considered in the forefront of the European sector. The industry can avail themself of modern technology and machinery, which starting from logs and through different production phases can produce up to 3000 wood crates per hour (50 per minute). This sector uses 70% poplar and 30% beech and birch. There are 255 horticultural packaging manufacturers that employee 11,000 people, some part time. Fruit and vegetable packaging manufacturers are mainly located in the typical fruit-vegetable production region in southern Italy.

Effective October 1, 2001, the European Union refused imports of pallets, crates, boxes and containers made of softwood lumber (e.g. pine, spruce, fir)unless the material was heat treated and free of pinewood nematode. Hardwoods are exempt from the EU emergency measures. However, this new standard may become a global requirements as the UN's International Plant Protection Convention will likely adopt very similar measures during the spring of 2003 for both softwood and hardwoods.

Table: Wood Packaging (Pallets and other wood packaging material), 2001

	000 US\$	000 Euro	No. of Units
Export	60,379	67,614	3,526,405
Import of which from U.S.	81,013 641	90,720 718	11,611,753 18,750

Table: Crates, Italian Trade, 2001

	000 US\$	000 Euro	MT
Export	13,536	15,158	13,148
Import	10,783	12,075	17,263

### Association:

Assolegno - Qualipal Italia Via Foro Bonaparte 65 20121 Milano

Tel +39 02 806041 Fax +39 02 80604392

www.Federlegno.it/associazioni/assolegno

e-mail: qualipal@federlegno.it

A list of furniture manufacturers members of Assoarredo can be obtained by visiting the Association web site

# ITALIAN WOOD AND WOOD PRODUCTS TRADE SHOWS 2003

Name of Show	Location	Dates	e-mail address
Quadrum SACA Moldings, Frames, Picture Frames, Accessories and Tech.	Bologna	Feb. 20-23,2003	www.smart.it/SACA
SAIEDUE Interior architecture, building renewal, technologies and finishing	Bologna	Mar 19-23, 2003	www.smart.it/saiedue www.on-nike.it/saiedue
SALONE DEL MOBILE Furniture show Eurocucine (Kitchen) EIMU - (Office) SALONE ComplementoArredo (furnishings)	Milan	April 9-14,2003 April 14-19,2004	www.cosmit.it
SASMIL- Biannual Ancillary products and semi- finished products for the wood industry	Milano	May 26-30,2004	www.cosmit.it
Xylexpo Biannual world exhibition for wood working technologies	Milan	May 26-30,2004	www.xylexpo.it info@xylexpo.com
Legno & Edilizia Wood & Construction	Verona	Feb 20-23,2003	www.pmtexpo.it/legno
Salone della Sedia International Chair Fair	Udine	Sept.13-16,2003	www.fieraudine.it www.promosedia.it
ABITARE IL TEMPO Furniture and interior decorating products	Verona	Sept 18-22,2002	www.veronafiere.it
SAIE International Building Material Show	Bologna	Oct 15-19,2003	www.bolognafiere.it /saie

# Forest Area

	-				
STRATEGIC INDICATOR TABLES FOR (ITALY)					
Country: Italy	Previous		Current	Fo	llowing
Report Year:	Calendar Ye	ear	Calendar Year	Ca	lendar
				`	Year
Total Land Area (000 hectares) *	29,4	06	29,406		29,406
Total Forest Area (000 hectares) *	10,0	06	10,009		10,009
of which, Commercial ('000 hectares)	6,8	60	6,860		6,890
of commercial, tropical hardwood ('000 hectares)	not applicable	9	not applicable	not	
				appl	icable
of commercial, temperate hardwood ('000 hectares)	5,3	50	5,355		5,375
of commercial, softwood ('000 hectares)	1,5	01	1,505		1,515
Forest Type					
of which, virgin ('000 hectares)	n/a		n/a	n/a	
of which, plantation ('000 hectares) Poplar	o/a 102	2	o/a 100	o/a	97
of which, other commercial (regrowth) ('000 hectares)	n/a		n/a	n	/a
Total Volume of Standing Timber (000 CM/Ha)	145		145		145
of which, Commercial Timber ('000 cum)	not available				
Annual Timber Removal ('000 cum) 1/	9,0	000	9,000		9,000
Annual Timber Growth Rate (%)		3	3		3
Annual Allowable Cut ('000 cum)	32,0	000	32,000		32,000
1/ If Removals exceeds growth rate, analyze impact in te	ext.				

# STRATEGIC INDICATOR TABLES FOR (ITALY)

CONSTRUCTION MARKET			
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar	Calendar
	(2001)	Year(2002)	Year(2003)
Total Housing Starts (thousand units)	246	248	234
of which, wood frame (thousand units)	not available	not available	not available
of which, steel, masonry, other materials	230	230	230
(thousand units)			
of total starts, residential (thousand units)			
of residential, single family (thousand units)	51	50	49
of residential, multi-family (thousand units)	154	156	134
of total starts, commercial (thousand units)	Units not	available	
Total Value of Commercial Construction Market		See Note	
(Billion Euro) 1)			
Total Value of Repair and Remodeling Market	58	57	58
(Billion EURO			

Note 1 : Total Value New Residential Construction 21.88 Billion Euro Total Value New non residential construction 19.98 Billion Euro

Note 2. Billion Euro at 2001 prices, excluding taxes

Source: Euroconstruct Dec 2002

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### FURNITURE & INTERIORS MARKET

Country: Italy	2001	2002	2003
Report Year:	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (000 units)	246	248	234
Total Number of Households(millions)	21.5	21.6	21.6
Total Furniture Imports (\$US million)	872	870	875
Total Furniture Exports (\$US million)	8,164	8,180	8,200
Interiors Market Size (\$US million)	34,608	35,000	35.500

### Material Handling Market

Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Value of Industrial Output (\$US billion)	Not available	Not Available	Not available
New Pallet Production (000 units) Pallet EUR EPAL	4,570	4,800	4,800

### Wood Product Subsidies

Country:	Previous	Current	Following		
Year of Report	Calendar	Calendar	Calendar		
	Year	Year	Year		
Total Solid Wood Export Subsidy Outlay (\$US million)	0	no			
Is there a ban on the export of logs, lumber, or veneer? 1/	no	no			
Are there export taxes (yes/no)? 2/	no	no	no		
Total Wood Production Subsidy (\$US million)	n/a	n/a	n/a		
Scope (thousands of hectares)					
Are there other wood products export expansion activities? 1/ no					
1/ If yes, describe in report.					
2/ If yes, identify in Tariff and Tax Strategic Indicator Table.					

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## Forest Product Tariffs and Taxes (%)

Country:	Product	Current	Following	Import	Total Cost	Export
Report Year:	Description 1/	Year	Year	Taxes/ Fees	of Import 2/	Tax
4401	Wood chips	SAME AS	S EUROPEA	N UNION	TARIFFS	
4403.10.10	treated softw.pole					
4403	logs					
4404	Hoopwood					
4405	wood&flour					
4406	railway sleepers					
4407 .10	lumber					
4407.10 .31, 33,38, 79	lumber Soft wood					
4407.10 91, 93, 98	lumber Swood					
4407.24 15	tropical, lumber					
4407.24.30	Tropical lumber, planes					
4408.10.15	veneer					
4408.10.93	Veneer, other					
4408.31.11	Dark Red Meranti, finger-jointed					
4409.10 .11 & 20.11	frame molding					
4410	particle board					
4411	fiberboard					
4412	plywood					
4413	densified wood					
4414	frames					
4415	crates & pallets					
4416.00.10	Oak staves					

4416.00.90	wine barrel
4417.00.20	tool handles
4418.10.	windows
4418.20.	Doors
4418.30.	Parquet panels
4418. 40	Concrete forming p.
4418.90.10	Glue-lam
4419	Table&kitchen ware
4420	Marquetry
4421.10.	Clothes hangers
4422	
4423	
4424	
4425	

<sup>1/</sup> Insert additional lines for Commodity tariff identification should tariffs vary within the four-digit designation for major products exported by the U.S. (e.g., 4412.19: softwood plywood 3%, 4412.XX: other plywood, 9%).2/ Calculate as tariff plus other import taxes/fees assuming a commodity value of \$100.

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#### PSD TABLES

#### TEMPERATE HARDWOOD LUMBER

PSD Table						
Country	Italy					
Commodity	Temperate 1	Hardwood L	umber		1000 CUBI METERS	C
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	800	800	800	800	0	800
Imports	1700	1394	1690	1500	0	1550
TOTAL SUPPLY	2500	2194	2490	2300	0	2350
Exports	220	17	200	20	0	30
Domestic Consumption	2280	2177	2290	2280	0	2320
TOTAL DISTRIBUTION	2500	2194	2490	2300	0	2350

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#### SOFTWOOD LUMBER

PSD Table						
Country	Italy					
Commodity	Softwood L	umber			1000 CUBI METERS	С
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	740	740	730	730	0	740
Imports	6600	5601	6500	6000	0	6000
TOTAL SUPPLY	7340	6341	7230	6730	0	6740
Exports	45	53	45	50	0	50
Domestic Consumption	7295	6288	7185	6680	0	6690
TOTAL DISTRIBUTION	7340	6341	7230	6730	0	6740

#### TROPICAL HARDWOOD LUMBER

PSD Table						
Country	Italy					
Commodity	Tropical Ha	rdwood Lu	mber		1000 CUBI METERS	C
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	117	110	0	105	0	105
Imports	310	488	0	490	0	480
TOTAL SUPPLY	427	598	0	595	0	585
Exports	10	17	0	10	0	10
Domestic Consumption	417	573	0	495	0	575
TOTAL DISTRIBUTION	427	590	0	505	0	585

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### HARDWOOD PLYWOOD

PSD Table						
Country	Italy					
Commodity	Hardwood l	Plywood			1000 CUBI METERS	С
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	480	497	480	495	0	480
Imports	390	405	395	400	0	400
TOTAL SUPPLY	870	902	875	895	0	880
Exports	145	191	150	170	0	160
Domestic Consumption	725	711	725	725	0	720
TOTAL DISTRIBUTION	870	902	875	895	0	880

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#### TRADE MATRIXES

### TEMPERATE HARDWOOD LUMBER

## Export

Export Trade Matrix			
Country	Italy		
Commodity	Temperate Hardwood Lumber		
Time period		Units:	1,000 CUM
Exports for:	2000		2001
U.S.		U.S.	
Others		Others	
Total for Others	0		0
Others not Listed	307		147
Grand Total	307		147

## Import

Import Trade Matrix			
Country	Italy		
Commodity	Temperate Hardwood Lumber		
Time period		Units:	1,000 CUM
Imports for:	2000		2001
U.S.	227	U.S.	181
Others		Others	
Croatia	222	Croatia	197
Hungary	176	Hungary	167
Bosnia Herzegovina	113	Bosnia Herzegovina	91
Austria	94	Russia	89
Slovenia	84	Slovenia	71
Russia	71	Austria	56
Romania	69	Romania	50
Germany	62	France	47
Poland	60	Germany	45
France	51	Slovakia	42
Total for Others	1002		855
Others not Listed	411		358
Grand Total	1640		1394

### SOFTWOOD LUMBER

# Export

		1	1
Export Trade Matrix			
Country	Italy		
Commodity	Softwood Lumber		
Time period		Units:	1,000 CUM
Exports for:	200		201
U.S.		U.S.	
Others		Others	
			<u> </u>
Total for Others	0		0
Others not Listed	45		53
Grand Total	45		53

## Import

Import Trade			
Matrix			
Country	Italy		
Commodity	Softwood		
	Lumber		
Time period		Units:	1,000 CUM
Imports for:	2000		2001
U.S.	51	U.S.	
Others		Others	
Austria	4021		
Germany	765		
Russia	406		
Sweden	254		
Finland	223		
Czech Rep	183		
France	123		
Slovak Rep	102		
Canada	80		
Romania	55		
Total for Others	6212		0
Others not Listed	331		
Grand Total	6594		0

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### TROPICAL HARDWOOD LUMBER

# Export

Export Trade Matrix			
Country	Italy		
Commodity	Tropical Hardwood		
	Lumber		
Time period		Units:	1,000 CUM
Exports for:	2000		2001
U.S.	2	U.S.	2
Others		Others	
Ivory Coast	107	Ivory Coast	174
Cameron	123	Cameron	135
Indonesia	26	Indonesia	60
Malaysia	22	Malaysia	30
Ghana	12	Indonesia	22
Nigeria	15	Gabon	18
Congo Rep	6	Brazil	9
Gabon	16	Nigeria	9
Brazil	10	Congo	5
		Burma	4
Total for Others	337		466
Others not Listed	34		20
Grand Total	373		488

## Import

	1	I	I
Import Trade Matrix			
Country	Italy		
Commodity	Tropical Hardwood Lumber		
Time period		Units:	1,000 CUM
Imports for:	2000		2001
U.S.		U.S.	
Others		Others	
Total for Others	0		0
Others not Listed	11		17
Grand Total	11		17

### HARDWOOD PLYWOOD

# Exports

Export Trade			
Matrix	1	T	
Country	Italy		
Commodity	Hardwood		
	Plywood		
Time period		Units:	1,000
Exports for:	2000		2001
U.S.	3	U.S.	4
Others		Others	
Germany	90	Germany	106
U.K.	9	France	17
France	9	Slovenia	13
Israel	8	Israel	11
Austria	8	U.K.	9
Switzerland	7	Austria	8
Netherlands	4	Switzerland	7
Slovenia	3	Netherlands	5
Turkey	1	Russia	2
		Belgium	1
Total for Others	139		179
Others not Listed	6		8
Grand Total	148		191

## Imports

In a set Too do			
Import Trade Matrix			
	<u> </u>		
Country	Italy		
Commodity	Hardwood		
	Plywood		
Time period		Units:	
Imports for:			1
U.S.		U.S.	
Others		Others	
Total for Others	0		0
Others not Listed			
Grand Total	0		0